



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-8000

OFFICE OF THE ASSISTANT SECRETARY
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

May 16, 2006

MORTGAGEE LETTER 2006-11

TO: ALL FHA-APPROVED MULTIFAMILY MORTGAGEES

SUBJECT: Increase in High Cost Percentage for FHA-Insured Multifamily Housing in High-Cost Areas

Section 302(b) of the Federal Housing Administration Loan Limit Adjustment Act of 2003 (Pub. L. 108-186, approved December 16, 2003) allows the Secretary to grant exceptions to the maximum mortgage limits set forth in Sections 207(c)(3), 213(b)(2)(B)(i), 220(d)(3)(B)(iii)(II), 221(d)(3)(ii)(II), 221(d)(4)(ii)(II), 231(c)(2)(B), and 234(e)(3)(B) of the National Housing Act. The Secretary may increase the maximum mortgage limits in the above sections by: (1) up to 140 percent in geographical areas where cost levels so require, and (2) up to 140 percent, or up to 170 percent in high-cost areas, where necessary on a project-by-project basis. By final rule published at 69 FR 10106, March 3, 2004, 24 CFR §200.15, "Maximum Mortgage" was revised to conform to the statutory changes made by Section 302(b).

The Department has prepared a list of High Cost Areas that may be eligible for the maximum 170 percent increase on a project-by-project basis. This list is attached and also will be posted on the HUD website along with the list of Base City High Cost Percentages for FHA Statutory Mortgage Programs for calendar year 2006.

Please note that the 2006 Base City High Cost Percentages, and the list of High Cost Areas, were effective as of January 1, 2006.

Sincerely,

Brian D. Montgomery
Assistant Secretary for Housing-
Federal Housing Commissioner

Attachment

The High Cost Percentages shown are multipliers of the Basic Statutory Mortgage Limits.

Cities shown within the High Cost Areas box are designated as High Cost Areas for calendar year 2006.

Hubs/ Program Centers with jurisdiction over these cities are eligible to increase their assigned High Cost Percentage (HCP) to a multiplier of 270 percent times the Basic Statutory Mortgage Limits on a case by case basis.

Because of the massive destruction caused by Hurricanes Katrina and Rita in 2005, High Cost Area status has been extended for calendar year 2006 to the following areas in order to assist HUD clients in rebuilding damaged areas and accommodating relocated families:

All jurisdictions in the State of Louisiana;
All jurisdictions in the State of Mississippi;
All jurisdictions in the State of Alabama;

In the State of Texas, all areas under the jurisdiction of the following Offices:

- Fort Worth Hub;
- Dallas Program Center;
- Houston Program Center;
- San Antonio Program Center

Hubs/ Program Centers with jurisdiction over other areas (with the exception of Special Limit Areas) are eligible to increase their assigned HCP to a multiplier of 240 percent times the Basic Statutory Mortgage Limits on a case-by-case basis.

Special Limit Areas have an HCP multiplier of 360 percent.

HIGH COST AREAS

ALBANY NY	217%
ATLANTA GA	192%
BALTIMORE MD	220%
BANGOR ME	221%
BIRMINGHAM AL	187%
BOISE ID	175%
BOSTON MA	240%
BUFFALO NY	240%
BURLINGTON VT	207%
CAMDEN NJ	240%
CHARLESTON WV	206%
CHICAGO IL	240%
CINCINNATI OH	206%
CLEVELAND OH	222%
COLUMBIA SC	214%
COLUMBUS OH	200%
DALLAS TX	177%
DENVER CO	238%
DES MOINES IA	186%
DETROIT MI	240%
FORT WORTH TX	179%
GRAND RAPIDS MI	202%
GREENSBORO NC	240%
HARTFORD CT	240%
HOUSTON TX	176%
INDIANAPOLIS IN	208%
JACKSON MS	180%
JACKSONVILLE FL	186%
KANSAS CITY MO	217%
KNOXVILLE TN	185%
LOS ANGELES CA	240%
LOUISVILLE KY	204%
MANCHESTER NH	221%
MEMPHIS TN	182%
MIAMI FL	229%

MILWAUKEE WI	240%
MINNEAPOLIS MN	240%
NASHVILLE TN	192%
NEW ORLEANS LA	180%
NEW YORK NY	240%
NEWARK NJ	240%
OKLAHOMA CITY OK	178%
OMAHA NE	206%
PHILADELPHIA PA	240%
PHOENIX AZ	187%
PITTSBURGH PA	222%
PORTLAND OR	228%
PROVIDENCE RI	240%
RENO NV	210%
RICHMOND VA	200%
SACRAMENTO CA	240%
SALT LAKE CITY UT	189%
SAN ANTONIO TX	168%
SAN DIEGO CA	240%
SAN FRANCISCO CA	240%
SAN JUAN PR	230%
SANTA ANA CA	240%
SEATTLE WA	240%
SHREVEPORT LA	171%
SPOKANE WA	199%
SPRINGFIELD IL	236%
ST. LOUIS MO	236%
TAMPA FL	223%
TOPEKA KS	183%
WASHINGTON DC	240%
WILMINGTON DE	238%

OTHER (NON-HIGH COST) AREAS

ALBUQUERQUE NM	170%
CASPER WY	157%
FARGO ND	166%
HELENA MT	174%
LITTLE ROCK AR	166%
LUBBOCK TX	168%
SIOUX FALLS SD	168%
TULSA OK	174%

SPECIAL LIMIT AREAS

US VIRGIN ISLANDS.	360%
HONOLULU HI	360%
ANCHORAGE AK	360%